

## MONTHLY REPORT

# Sandon Capital Investments Limited (ASX:SNC)

SEPTEMBER 2022

NTA Before Tax

NTA After Tax

\$0.7800

\$0.7905

## INVESTMENT PERFORMANCE

Gross Performance to 30 Sep 2022 <sup>1</sup>	1 month	1 year	Since inception (p.a.)
SNC	-6.9%	-27.4%	7.4%
All Ordinaries Accum. Index	-6.4%	-8.6%	7.4%
<b>Outperformance<sup>2</sup></b>	<b>-0.5%</b>	<b>-18.9%</b>	<b>0.0%</b>

1. The SNC gross returns are after investment management fees and brokerage expenses but before performance fees and corporate expenses. Index returns are before all fees and expenses and before any taxes. Dividends paid during the period are included when calculating SIN's gross investment performance.

2. Figures may not tally due to rounding.

## SANDON CAPITAL INVESTMENTS LIMITED

ASX Code	SNC
Gross assets*	\$137.6m
Market capitalisation	\$100.5m
Share price	\$0.7400
Fully franked dividends	\$0.055
Dividend yield (annualised)	7.4%
Profits reserve (per share)	30.1cps
Franking (per share)	6.8cps
Loan-to-assets (incl. MVTHA)	22%

\*Includes the face value of Mercantile 4.8% unsecured notes

## PORTFOLIO COMMENTARY

The Portfolio was down 6.9% for the month, on a gross basis, after investment management fees and brokerage but before performance fees and corporate expenses, compared to a decrease of 6.4% for the All Ordinaries Accumulation Index.

The largest detractors for the month were COG Financial Services Ltd (COG), City Chic Collective Ltd (CCX), Fleetwood Ltd (FWD) and IDT Australia Ltd (IDT). There were a multitude of other positions that were smaller detractors and very few positive contributors for the month.

There were minimal company specific releases during the month with the main driver of the poor portfolio performance being the continued volatility in global capital markets. Investor concerns range from rising global interest rates to the war in the Ukraine to COVID lockdowns in China. There was a new addition to the list in September – dysfunction in bond markets in the UK.

Company specific fundamentals are an afterthought at the moment as many investors attempt (futilely in our opinion) to divine the next economic data point to justify their 'investment' decisions. Our investment process remains unchanged in volatile times such as these. We continue to pore over annual reports and other research to help us determine a company's value. We generally ignore the volatility in the market, seeking only to take advantage of it when it offers the opportunity to buy or sell securities at what we deem to be attractive prices.

We expect to receive updates from our portfolio companies over the next 4-6 weeks as the annual general meeting season unfolds. For most, we expect the operating environment and outlook will be consistent with the positive commentary provided with FY22 results in August.

## DIVIDENDS

SNC has paid 48 cents per share of fully franked dividends since listing in December 2013. The profits reserve is 30.1 cents per share and there are 6.8 cents per share of franking credits. These franking credits support the payment of 20.4 cps of fully franked dividends.

SNC's FY22 final dividend of 2.75cps will be paid on 7 November 2022. The Board anticipates paying an interim dividend for FY23 of 2.75cps, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

A full list of SNC dividends since the IPO in December 2013 can be found [here](#).

## TOP 5 POSITIONS

COG Financial Services	14%
Fleetwood	9%
A2B	9%
Spectra Systems PLC	8%
Coventry Group	6%

## INSTRUMENT EXPOSURE

Listed Australian Equities	83%
Listed International Equities	10%
Unlisted Investments	7%
Cash or Cash Equivalents	0%

## COMPANY OVERVIEW

Sandon Capital Investments Limited is a specialist 'Activist' listed investment company, managed by Sandon Capital. Sandon Capital devises and implements activist shareholder strategies that seek to unlock value inherent in securities held in our investment portfolios.

SNC provides investors with exposure to a portfolio of Australian companies that are typically not available to traditional investors. Through active engagement with the target company, Sandon Capital seeks to release the embedded value for shareholders. Target companies are likely to be in the small to mid cap market segment.

Sandon Capital has successfully employed its Activist investment strategy since September 2009. The wholesale Sandon Capital Activist Fund's investment performance since inception is 9.9% p.a. (after all fees and expenses).

### Investment Objectives

- To provide absolute positive investment performance over the medium to long term, ensuring capital preservation, while providing capital growth.
- To provide an investment strategy that few investors have the capacity to implement themselves.
- To provide shareholders with a growing stream of fully franked dividends.

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# SANDON CAPITAL

For enquiries about the company or its investments:

Sandon Capital Investments Limited  
+61 2 8014 1188  
[info@sandoncapital.com.au](mailto:info@sandoncapital.com.au)

For enquiries about your shareholding:

Link Market Services  
1300 554 474 (Toll free within Australia)  
[registars@linkmarketservices.com.au](mailto:registars@linkmarketservices.com.au)